

SPECIAL BOARD MEETING

SOUTH DAKOTA RETIREMENT SYSTEM

January 7, 2014

The Board of Trustees of the South Dakota Retirement System held a special teleconference board meeting on January 7, 2014. The meeting began at 4:00 p.m. in the conference room of the SDRS office in Pierre.

BOARD MEMBERS IN ATTENDANCE:

Elmer Brinkman, Chair
Karl Alberts
Jason Dilges
Laurie Gill
James Hansen
Louise Loban
Bonnie Mehlbrech
Dave Merrill
K.J. Peterson
Eric Stroeder
Justice Steven Zinter
Matt Clark – Ex Officio

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Board members Steve Caron, Jilena Faith, Laurie Gustafson, James Johns and Lt. Gov. Matt Michels were absent.

OTHERS IN ATTENDANCE:

Rob Wylie
Travis Almond
Susan Jahraus
Michelle Mikkelsen
Damian Prunty
Jess Reitzel
Jane Roberts
Scott Schroeder
Dawn Smith
Jacque Storm

AGENDA ITEM 1
DATA PROCESSING MODERNIZATION AND IMPROVEMENT
PROJECT REQUEST FOR PROPOSALS RECOMMENDATION

Summary of Discussion:

Mr. Damian Prunty, SDRS Director of Operations advised the Board that SDRS received 12 proposals in response to RFP 2013-1 that was issued August 5, 2013. The companies of HCL America Inc., Auctor Corporation, Sagitec Solutions LLD., Affinity Global Solutions, Dell Inc., Systems Technology Group, Metex Inc., Catapult Systems LLC, Phidiac LLC, Cognizant Technology Solutions, Trinity Millennium Group Inc., and Smart Software Solutions, all submitted proposals to SDRS and BFM to provide a reengineering of both the SDRS and BFM Visual FoxPro computer application to C#.Net application.

Mr. Prunty stated that the RFP Evaluation Committee, consisting of Scott Schroeder, BIT Software Engineer III; Frenchy Taft, BIT Development Manager; Karrie Geffre, BIT Software Engineer Manager; Gary Goeden, BIT Office of Project Management (for SDRS); Mark Zickrick, BIT Office of Project Management (for BFM); Colin Keeler, BFM Director of Financial Systems; Shane Mattheis, BFM Financial Analyst; Brian Bondy, BFM Financial Systems; Dawn Smith, SDRS Executive Assistant; Travis Almond, SDRS Benefits/Member Services Manager; Susan Jahraus, SDRS Internal Audit/Compliance Manager; and himself was established to evaluate the proposals.

Mr. Prunty stated that it was the Committee's recommendation that the Board authorize the Executive Director/Administrator to finalize negotiations and enter into a contract with Metex as the SDRS Data Processing Modernization and Improvement Project Contractor for the initial three-year contract period beginning February 1, 2014, through January 31, 2017, plus two optional contract periods, if mutually agreed to by both parties.

This recommendation is based on the fact that Metex's total overall evaluation score was the highest when technical qualifications and overall cost was compared to the other qualified proposals.

It is further noted that BIT, with members of the evaluation committee, also had a conference call with the Gartner Group, to obtain an independent view of this company and to discuss the committee's finalist results. (The Gartner Group is a technical consulting company under contract with BIT.) During this call the Gartner Group validated the RFP committee's evaluation results and endorsed the selection of the Metex Company based on their capability to meet our technical needs and on the basis of cost.

Board Action:

IT WAS MOVED BY DR. HANSEN, SECONDED BY MR. MERRILL, THAT THE BOARD AUTHORIZE THE EXECUTIVE DIRECTOR/ADMINISTRATOR TO FINALIZE NEGOTIATIONS AND ENTER INTO A CONTRACT WITH METEX AS THE SDRS DATA PROCESSING MODERNIZATION AND IMPROVEMENT PROJECT CONTRACTOR FOR THE INITIAL THREE-YEAR CONTRACT PERIOD BEGINNING FEBRUARY 1, 2014, THROUGH JANUARY 31, 2017, PLUS TWO OPTIONAL CONTRACT PERIODS, IF MUTUALLY AGREED TO BY BOTH PARTIES.

THE MOTION PASSED UNANIMOUSLY ON A ROLL CALL VOTE.

THOSE VOTING AYE: ALBERTS; BRINKMAN; DILGES; GILL; HANSEN; LOBAN; MEHLBRECH; MERRILL; PETERSON; STROEDER; ZINTER, STEVE

THOSE VOTING NAY: NONE.

THOSE ABSENT AND NOT VOTING: CARON, FAITH, GUSTAFSON, JOHNS AND MICHELS.

AGENDA ITEM 2
EXPENDITURE AUTHORITY – FY 2015 ADJUSTMENTS

Summary of Discussion:

Mr. Wylie stated that at the December Board of Trustees meeting, he indicated that SDRS should amend its expenditure authority request to cover the actuarial and audit expenses of the Cement Plant Retirement System. At that time the request did not include the expenses for the third party administrator. After further review, it is now believe that expense should also be included. That change would increase our amendment by \$25,000.

Mr. Wylie stated that he would also suggest that the Board again discuss the in-sourcing of a portion of SDRS's actuarial services. Recognizing the pending changes in the actuarial industry, the high cost for these outside actuarial services, the limited access to other resources, and the availability of alternative resources, this may be the right time to consider such a change. If the Board concurs, staff could also ask the Appropriations Committee to convert a portion of the current contractual services budget to personal services. If the Board would choose to follow that path and the Appropriations Committee approves, staff would bring an amended Buck Consultant contract to the April meeting for the Board's consideration.

Board Action:

IT WAS MOVED BY MS. LOBAN, SECONDED BY MR. ALBERTS, THAT THE BOARD AUTHORIZE THE EXECUTIVE DIRECTOR/ADMINISTRATOR TO APPROACH THE APPROPRIATIONS COMMITTEE WITH THE AMENDMENTS TO THE SDRS EXPENDITURE AUTHORITY REGARDING THE CEMENT PLANT AND THE INSOURCING OF A PORTION OF THE ACTUARIAL SERVICES.

There was discussion among the Board regarding the necessity of an amendment for insourcing a portion of the actuarial services. There was consensus among the Board members that the Executive Director/Administrator shall seek to bring some actuarial services in-house.

THE MOTION WAS WITHDRAWN.

IT WAS MOVED BY MS. LOBAN, SECONDED BY MR. ALBERTS, THAT THE BOARD AUTHORIZE THE EXECUTIVE DIRECTOR/ADMINISTRATOR TO APPROACH THE APPROPRIATIONS COMMITTEE WITH AN AMENDMENT TO THE SDRS EXPENDITURE AUTHORITY REGARDING THE CEMENT PLANT.

THE MOTION PASSED UNANIMOUSLY ON A ROLL CALL VOTE.
THOSE VOTING AYE: ALBERTS; BRINKMAN; DILGES; GILL; HANSEN; LOBAN; MEHLBRECH; MERRILL; PETERSON; STROEDER; ZINTER, STEVE
THOSE VOTING NAY: NONE.
THOSE ABSENT AND NOT VOTING: CARON, FAITH, GUSTAFSON, JOHNS AND MICHELS.

ADJOURNMENT

IT WAS MOVED BY MS. PETERSON SECONDED BY MS. GILL, THAT THERE BEING NO FURTHER BUSINESS, THE MEETING BE ADJOURNED. THE MOTION PASSED UNANIMOUSLY ON A ROLL CALL VOTE.
THOSE VOTING AYE: ALBERTS; BRINKMAN; GILL; HANSEN; LOBAN; MEHLBRECH; MERRILL; PETERSON; STROEDER; ZINTER, STEVE
THOSE VOTING NAY: NONE.
THOSE ABSENT AND NOT VOTING: CARON, DILGES, FAITH, GUSTAFSON, JOHNS AND MICHELS.

Respectfully submitted,

Robert A. Wylie
Executive Director/Administrator